

***What Every Member of the  
Trade Community Should Know About:***

# ***Textile & Apparel Rules of Origin***



A Basic Level  
Informed Compliance Publication of the  
U.S. Customs Service

Revised November, 1998

## **NOTICE:**

This publication was prepared for the guidance and information of the trade community. It reflects the Customs Service's position or interpretation of the applicable laws or regulations as of the date of publication, as shown on the front cover. It does not in any way replace or supersede the laws or regulations. Only the latest official version of the laws or regulations is authoritative.

### *Publication History*

*First Issued: October, 1996*

*Revised: November, 1998*

## **PRINTING NOTE:**

This publication was designed for electronic distribution via the Customs Electronic Bulletin Board and Customs Internet World Wide Web site (<http://www.customs.ustreas.gov>) and is being distributed in a variety of formats. It was originally set up in WordPerfect® 8 using an HP Laserjet 5P printer driver. Pagination and margins in downloaded versions may vary depending on the wordprocessor and/or printer used. If you wish to maintain all the original settings, you may wish to download the .pdf version which can then be printed using the freely available Adobe Acrobat Reader®.

## PREFACE

On December 8, 1993, Title VI of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182, 107 Stat. 2057), which is also known as the Customs Modernization Act or “Mod Act,” became effective. These provisions amended many sections of the Tariff Act of 1930 and related laws. Two new concepts which emerge from the Mod Act are “*informed compliance*” and “*shared responsibility*.” These concepts are premised on the idea that in order to maximize voluntary compliance with Customs laws and regulations, the trade community needs to be clearly and completely informed of its legal obligations. Accordingly, the Mod Act imposes a greater obligation on Customs to provide the public with improved information concerning the trade community's responsibilities and rights under the Customs and related laws. In addition, both the trade and Customs share responsibility in carrying out import requirements. For example, under section 484 of the Tariff Act, as amended, (19 U.S.C. §1484) the importer of record is responsible for using reasonable care to enter, classify and value imported merchandise, and provide any other information necessary to enable Customs to properly assess duties, collect accurate statistics and determine whether any other applicable legal requirement is met. The Customs Service is then responsible for fixing the final classification and value of the merchandise. The failure of an importer of record to exercise reasonable care may lead to delay in the release of merchandise or the imposition of penalties.

This office has been given a major role in meeting Customs informed compliance responsibilities. In order to provide information to the public, Customs intends to issue a series of informed compliance publications, and possibly CD-ROMs and videos, on topics such as value, classification, entry procedures, determination of country of origin, marking requirements, intellectual property rights, record keeping, drawback, penalties and liquidated damages.

The Offices of Field Operations, Strategic Trade and Regulations and Rulings originally prepared the material in this publication on *Textile & Apparel Rules of Origin*, for internal Customs use, but are distributing it to the public as part of a series of informed compliance publications advising the trade community of changes in Customs procedures as a result of the Mod Act and the Uruguay Round Agreements Act. It is hoped that this material, together with seminars and increased access to Customs rulings, will help the trade community in improving voluntary compliance with the Customs laws.

The information provided in this publication is for general information purposes only. Recognizing that many complicated factors may be involved in customs issues, an importer may wish to obtain a ruling under Customs Regulations, 19 CFR Part 177, or obtain advice from an expert (such as a licensed Customs Broker, attorney or consultant) who specializes in Customs matters. Reliance solely on the general information in this pamphlet may not be considered reasonable care.

Comments and suggestions are welcomed, and should be addressed to the Assistant Commissioner at the Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, N.W., Washington, D.C. 20229.

Stuart P. Seidel  
Assistant Commissioner  
Office of Regulations and Rulings

(This page intentionally left blank)

## TABLE OF CONTENTS

Introduction .....	<a href="#">1</a>
Effective Date .....	<a href="#">1</a>
Pre-existing Contracts .....	<a href="#">1</a>
Coverage .....	<a href="#">2</a>
Principles Behind the Rules .....	<a href="#">2</a>
General Rules .....	<a href="#">2</a>
Wholly Obtained or Produced .....	<a href="#">3</a>
Yarn, Including Single and Multiple Yarns .....	<a href="#">3</a>
Fabric .....	<a href="#">3</a>
All Other Textile Products .....	<a href="#">3</a>
Special Rules .....	<a href="#">4</a>
Specified Harmonized Tariff System (HTS) Classifications .....	<a href="#">4</a>
Knit-to-shape .....	<a href="#">4</a>
Multi-country Rule .....	<a href="#">5</a>
Most Important Assembly or Most Important Manufacturing Process .....	<a href="#">5</a>
If the Most Important Assembly or Manufacturing Process Cannot Be Determined .....	<a href="#">5</a>
Hierarchy of Rules .....	<a href="#">7</a>
Wholly Produced .....	<a href="#">7</a>
Requisite Tariff Shift .....	<a href="#">7</a>
Knit-to-shape .....	<a href="#">8</a>
Wholly Assembled .....	<a href="#">8</a>
Most Important Assembly or Manufacturing Process .....	<a href="#">8</a>
Last Country in Which an Important Assembly or Manufacturing Process Occurs .....	<a href="#">8</a>
Special Exceptions & Considerations .....	<a href="#">8</a>
Israel Free Trade Agreement .....	<a href="#">8</a>
Insular Possessions .....	<a href="#">9</a>
Components Cut in the U. S. from Foreign Fabric and Assembled Abroad .....	<a href="#">9</a>
NAFTA Override .....	<a href="#">10</a>
U.S. Goods Sent Abroad for Processing .....	<a href="#">10</a>
Sets .....	<a href="#">11</a>
Summary of Rules .....	<a href="#">11</a>
Textile Declaration and Quota Charge Statement .....	<a href="#">11</a>

Failure to Follow the Origin Rules .....	<a href="#">11</a>
Summary of Issued Rulings .....	<a href="#">12</a>
Additional Information .....	<a href="#">13</a>
Customs Electronic Bulletin Board .....	<a href="#">13</a>
The Internet .....	<a href="#">13</a>
Customs Regulations .....	<a href="#">13</a>
Customs Bulletin .....	<a href="#">14</a>
Video Tapes .....	<a href="#">14</a>
Informed Compliance Publications .....	<a href="#">15</a>
Other Value Publications .....	<a href="#">16</a>
“Your Comments Are Important” .....	<a href="#">17</a>

## **RULES OF ORIGIN FOR TEXTILE AND APPAREL PRODUCTS**

### **INTRODUCTION**

Section 334 of the Uruguay Round Agreements Act (Pub. L. 103-465, codified as 19 U.S.C. § 3592) established rules of origin for textile and apparel products which are imported into the Customs Territory of the United States. Except as otherwise provided by statute, these rules apply for purposes of the Customs laws and the administration of quantitative restrictions (quotas). The law required the Secretary of the Treasury to promulgate implementing regulations, which appear as section 102.21 of the Customs Regulations (§ 102.21 CR, 19 CFR § 102.21).

This publication was adapted from material which was originally prepared to help Customs Attachés in foreign countries interpret and explain the § 334 rules of origin to manufacturers and exporters. It has answers to many of the questions which Customs headquarters has received from both Customs field personnel and the trade. While it is only a guide, this publication provides the basis of the rules in a format which should be useful to importers and exporters. For that reason we are making the material available not only to Customs personnel, but to the trade as well.

It must be remembered that this publication does not supersede any Customs laws, regulations or rulings and should only be used as a general guide. If there are any technical questions, they should be addressed to the Commercial Rulings Division of the Office of Regulations and Rulings or to the National Import Specialist responsible for the particular commodity. Addresses for these offices appear in the material which follows.

### **EFFECTIVE DATE**

The country of origin rules apply to textile and apparel products (see below for coverage) entered, or withdrawn from warehouse, for consumption on or after July 1, 1996. This date is set by law and does not provide for a grace period, shipments on the water, time entered into the port limits, entry rejects or any other exceptions except for certain pre-existing contracts entered into prior to July 20, 1994 which were required to be filed with the Commissioner of Customs.

### **PRE-EXISTING CONTRACTS**

All contracts to be considered for an 18-month grace period had to be submitted within 60 days after enactment of the Act. Action has been completed on all contracts that were filed. All manufacturers who submitted such contracts have already been notified of the status of their contracts.

## COVERAGE

The § 334 country of origin rules for textile and apparel products apply to the textile items classified in Chapters 50 through 63 of the Harmonized Tariff System (HTS) and to the following textile items in the HTS classifications listed below which have been defined by the World Trade Organization as textile and apparel products:

3005.90	Wadding, gauze, bandages and the like (nonadhesive)
3921.12}	{
3921.13}	{ Woven, knitted or non-woven fabrics coated, covered or laminated with plastics
3921.90}	{
4202	Luggage, handbags, and flatgoods with an outer surface predominantly of textile materials
6405.20	Footwear with soles and uppers of wool felt
6406.10	Footwear uppers with 50% or more of the external surface area of textile materials
6406.99	Leg warmers and gaiters of textile material
6501- 6505	Headwear of textiles
6601	Umbrellas
7019	Yarns and woven fabrics of glass fibers
8708	Safety seat belts for motor vehicles
8804	Parachutes; their parts and accessories
9113.90	Watch straps, bands and bracelets of textile materials
9404.90	Comforters, quilts, pillows and cushions, and similar articles of textile materials
9502.91	Doll clothing
9612.10	Woven typewriter ribbons or similar ribbons, of man-made fibers

More specific classifications for the above products, beyond the four digit headings or six digit subheadings provided above, can be found in the Federal Register, Vol. 60, No. 171, September 5, 1995, page 46198, and in § 102.21 CR, (19 CFR § 102.21).

## PRINCIPLES BEHIND THE RULES

### (1) General Rules

In general, except as otherwise provided for by law, a textile or apparel product, for purposes of the Customs laws and the administration of quantitative restrictions, originates in a country, territory or insular possession according to the following rules:



### **(A) Wholly obtained or produced**

The country of origin is the country in which a textile or apparel product is **wholly obtained or produced** when the product is completely produced or manufactured (except for *de minimus* materials as defined in 19 CFR § 102.13) in one country.

### **(B) Yarn, Including Single and Multiple Yarns**

The country of origin of yarn, thread, twine, cordage, rope, cable or braiding is:

- (i) STAPLE yarn, etc. - the country in which **staple fibers are spun into yarn**
- (ii) FILAMENT yarn, etc. - the country in which **filament is extruded**
- (iii) PLIED, GIMPED AND CABLED yarns, etc. - the country in which the fibers or filaments used in the yarn are **spun or extruded**

### **(C) Fabric**

The country of origin of a FABRIC is the country in which the fabric is **woven, knitted, needled, tufted, felted, entangled or created by any other fabric making process**. (NOTE: A fabric making process is defined in 19 CFR § 102.21(b)(2) as "any manufacturing operation that begins with polymers, fibers, filaments (including strips), yarns, twine, cordage, rope, or fabric strips and results in a textile fabric.)

NOTE: The country of origin of QUILTED FABRICS is the country in which the fabrics are formed (one of the specific exceptions listed below).

### **(D) All Other Textile Products**

The country of origin of all other textile and apparel products is the country in which the components of the product are **wholly assembled** (except for minor attachments such as buttons, beads, spangles, embroidery, etc., or minor subassemblies such as collars, cuffs, pockets, plackets, etc.).

NOTE: The rules generally provide that processing operations or assembly (particularly for apparel), not cutting components, confer country of origin (however, see pre-existing contracts above and the Israel and insular possession exceptions below).

## (2) Special rules

**(A) Special rules govern the articles in the following 16 specified Harmonized Tariff System (HTS) classifications** (the HTS classification is followed by a general description):

### (i) Articles Produced from Yarns

5609 - the country of origin of articles made from yarn, strips, twine, cordage, rope or cables is the country in which the yarn, etc., is produced.

### (ii) Articles Produced From Fabric

The country of origin of certain articles made from fabric in the following Harmonized Tariff System classifications is the country in which the fabric is produced:

5807	Labels, badges, emblems
5811	Quilted textile products in the piece ( <i>i.e.</i> , lengths or rolls of quilted fabrics)
6209.20.5040	Baby diapers (cotton woven)
6213	Handkerchiefs
6214	Shawls, scarves, mufflers, mantillas, veils and the like
6301	Blankets, traveling rugs
6302	Bed Linen, table linen, toilet linen, kitchen linen
6303	Curtains, drapes, interior blinds, valances
6304	Bedspreads, furnishings
6305	Sacks and bags for packing
6306	Tarpaulins, awnings, sunblinds, tents, sails, camping goods
6307.10	Dust cloths, mop cloths, polishing cloths, shop towels, bar mops, dish cloths
6307.90	Labels, cords, tassels, corset and footwear lacings, toys for pets, wall banners, surgical towels, surgical drapes, tufted towels, pillow shells, quilt and comforter shells, national flags, moving pads, and other made up textile articles not specifically provided for elsewhere
6308	Needlecraft sets
9404.90	Comforters, quilts, pillows and cushions, and similar articles of textile materials

### (B) Special rules govern knit-to-shape products.

The country of origin of knit-to-shape products is the country in which **major parts are knitted or crocheted** directly to the shape used in the finished product.

Knit-to-shape means that the panels or parts (not including parts such as collars, cuffs, waistbands, plackets, pockets, linings, paddings, trim or similar parts) are knit to the shape used in the final assembly process (rather than knit into a tube or blanket of material that is cut to shape). Minor cutting, trimming or sewing does not affect whether components are knit to shape. Knit-to-shape applies when 50 percent or more of the exterior surface area (not including patch pockets, appliques, etc.) is formed by major parts that have been knitted or crocheted directly to the shape used in the good.

For hosiery, the addition of gussets or top elastics or the closing of toes does not affect the status of knit-to-shape.

### (3) Multi-country Rule

If the country of origin of a textile or apparel product cannot be determined by one of the above rules and the product is created as a result of processing in two or more countries, the country of origin is:

- (A) The country in which the **most important assembly or most important manufacturing process** occurs.

The most important processing operation must be determined on a **case-by-case basis** through binding rulings and court decisions. The resulting body of rulings and court decisions may serve as guidelines in the future.

- (B) **If the most important assembly or manufacturing process cannot be determined, the country of origin is the last country in which an important assembly or manufacturing operation occurred.**

For example: if the right half of a coat is assembled in one country and the left half is assembled in another country, and provided the processing steps in each country are equally balanced, then the country of origin is probably the country in which the two halves are sewn together (that is, the last country in which an important processing operation occurred) because each half is equally important.

More realistically, if one yarn of a plied yarn is produced in one country and the other yarn is produced in a second country, and the yarns are twisted to form a plied yarn, then, assuming both yarns are equal in the final product, the country in which the yarns are twisted together is the country of origin because each yarn is equally important and you have to resort to the last country in which an important processing operation occurred.

Another example of when the last important processing rule would be used to determine origin is in the case of a tent in which the fabric for the roof and floor are produced in one country, the fabric for the walls is produced in another country, and all the fabrics are cut and assembled in a third country. As a tent is classified in heading 6306, according to the language of § 334 its origin should be based on where the fabric for the tent is formed. But as the fabric is formed in different countries, and it is difficult to argue that fabric for roofs and floors is more important than fabric for walls, resort to the last important processing, *i.e.*, where the fabrics are cut and sewn into the tent, renders the origin determination.

Multi-country processing of goods often leads to origin determinations based upon the place where the most important processing operation occurred or, if that cannot be ascertained, the last place where an important processing operation occurred. Such determinations can only be made on a case-by-case basis, conditioned upon the specific facts in each case. As such, binding rulings should be requested from:

U.S. Customs Service  
Director, National Commodity Specialists Division  
6 World Trade Center  
CIE, Room 437, ATTN: Binding Rulings Section  
New York, New York 10048

or

Office of Rulings and Regulations  
Commercial Rulings Division  
U.S. Customs Service  
1300 Pennsylvania Ave., NW  
Washington, DC 20229

Although ruling requests may be sent to New York or Headquarters, as a general rule initial rulings are issued by the National Commodity Specialists Division in New York, while Customs Headquarters considers any appeals.

The requestor should be sure to specify that the ruling is requested pursuant to the textile and apparel rules of origin in § 334. Complete information should be supplied as to manufacturing and processing and a sample (or drawings if a sample is not practical) showing exact subassemblies or processing steps should be submitted with the request for a ruling. Rulings requested from New York should be answered within 30 days if information provided by the requestor is complete.

## HIERARCHY OF RULES

The above rules are arranged in a hierarchy to be applied in the following sequential order as specified in Customs Regulation § 102.21 (c):

1. Textile or apparel products **wholly produced** in one country.
2. Each foreign material undergoes **requisite tariff shift** (as provided in Customs Regulation 102.21),

### EXPLANATION:

All textile and apparel products are listed by 4-digit to 10-digit HTS classifications or groups of classifications in the tariff shift rules. The tariff shift rules simply explain the requirements to change the country of origin of textile and apparel products (as shown in the preceding section) by using tariff classifications rather than textile or apparel product descriptions. A tariff shift states that, for any given classification, to change the country of origin of a textile or apparel product there must be a shift from one Harmonized Tariff System (HTS) classification to another as listed in the tariff shift rules and/or the processing which occurs must meet any other requirement that is specified in the tariff shift rules in Customs Regulation §102.21(e).

### EXAMPLE:

One group of classifications in the tariff shift rules is 5208 through 5212, which contain the classifications for cotton woven fabrics. The tariff shift rule for classifications 5208-5212 states that:

- (a) There must be a change to 5208-5212 (cotton woven fabrics) from any classification outside that group of classifications, and
- (b) The change to classifications 5208-5212 must result from a fabric forming process.

To confer country of origin to a cotton fabric, the creation of the fabric must be from some product other than another cotton woven fabric; for example, the fabric could be formed from cotton yarns, or from polyester and cotton yarns, from fibers or any other product except cotton woven fabric (e.g., joining two narrow fabrics). The second requirement of creating a fabric from a fabric forming process must also be met. This tariff shift rule merely restates the fabric rule (in the section above) using tariff classification terms or definitions.

The result is that the determination of the country of origin is defined in **objective tariff classification shifts** rather than **subjective terms** such as “substantial assembly” or “new commercial product.” By using HTS classifications, there is no doubt when a change in the country of origin occurs. If a shipper knows the classification of a textile product he is exporting, he merely has to locate the classification in the tariff shift rules to see if the required change of classifications occurred when the product was produced or manufactured. If the tariff shift has occurred and any other listed requirement is met, then the country of origin is changed by the processing.

For example, the tariff classification for 5204 through 5207 (cotton yarns) states that the tariff shift must be from any other heading provided that the change or shift results from a spinning process. This defines the country of origin for spun yarns (see above). The tariff shift for 5208 through 5212 requires a shift from classifications for yarns, fibers or filaments that results from a fabric making process. Similarly, shifts for 6302 require that the country of origin of bed sheets and pillow cases must be from the fabric forming process, i.e., the country in which the fabric was woven and not the country in which the fabric for the sheets and pillow cases was cut and sewn, as defined in one of the listed exceptions above.

3. Textile or apparel products for which the major **parts are knit-to-shape**.
4. Textile or apparel products **wholly assembled** in one country **except** for the 16 specified exceptions.

When the product is manufactured in **two or more countries** and the country of origin **cannot** be determined by the four rules above, the country of origin is:

5. The country in which the **most important assembly or manufacturing process** occurs, and, if that cannot be determined,
6. The last country in which an **important assembly or manufacturing process** occurs.

**REMEMBER: Cutting will almost never confer country of origin.** For garments, the above rules are based on assembly operations, not on cutting.

## **SPECIAL EXCEPTIONS & CONSIDERATIONS**

### **Israel Free Trade Agreement**

Israel is an **exception** to the country of origin rules. The country of origin for textile and apparel products from Israel will continue to be determined by the current rules in § 12.130, CR (19 CFR § 12.130), e.g., the origin of most garments is the country in which the

components are cut to shape, although for tailored or complex garments, the origin is the country in which the garments are wholly assembled. In T.D. 96-58, published in the *Federal Register* on July 31, 1996, Customs explained how to determine the origin of textile and apparel products that are processed in Israel and another country. If Israel is determined not to be the country of origin under § 12.130, CR (19 CFR § 12.130), then the rules in § 102.21 are applied to determine the origin. As Israel cannot be found to be the country of origin under § 102.21, CR, the processing in Israel will be disregarded when applying the steps in § 102.21.

### **Insular Possessions**

The § 102.21 country of origin rules apply to the insular possessions of the United States. The rules will be used to determine whether the goods qualify as a product of the insular possession under General Note 3(a)(iv) of the Harmonized Tariff Schedules of the United States.

However, Customs will continue to follow past rulings to determine whether foreign fabric has been subjected to a “double substantial transformation” for purposes of the 50 percent foreign material content restriction under General Note 3(a)(iv). **Cutting will continue to be used to maintain current status in achieving a double substantial transformation.** The first portion of the substantial transformation test may occur when fabric is cut into components, while the second may occur when the components are assembled into wearing apparel. In determining whether the apparel meets the 50 percent foreign value limitation, **components which undergo a double substantial transformation are (and will continue to be) treated as materials produced in the insular possession rather than as foreign materials.**

### **Components Cut in the U. S. from Foreign Fabric and Assembled Abroad**

The value of components cut to shape (but not to length, width or both) in the U.S. from foreign fabric and exported for assembly abroad into an article that is then returned is **not** included in the dutiable value of the finished article imported into the U.S. (See § 10.25, CR).

- a. For textile and apparel products that do not have category numbers (e.g. umbrellas, parachutes), as well as all footwear and parts of footwear, assembled in a Caribbean Basin Initiative (CBI) country from components that were **cut to shape** (but not including pieces merely cut to length and/or width) **in the U.S. from foreign fabric**, the assembled textile articles are not subject to duty. (See, § 10.26, CR).

This provision is necessary in the statute because under the country of origin rules cutting does not confer country of origin, and therefore components cut in the U.S. of foreign fabric are not considered to be U.S. products. The definition of textile and apparel products includes articles that were not considered as textile articles by the United States prior to implementation of the new World Trade Organization definitions. This provision continues the current duty free treatment under U.S. Note 2(b), Subchapter II, Chapter 98 of the Harmonized Tariff Schedule of the United States.

- b. The **value of the components** cut in the U.S. from foreign fabric, **up to the 15 percent cap for U.S. origin materials**, may be applied toward determining the minimum 35 percent requirement to qualify for the benefits of CBI.

### NAFTA Override

Any **NAFTA override rules** currently in existence will **continue to be applied** if a NAFTA preference is claimed.

FOR EXAMPLE: China is the country of origin of *comforter shells* and also the country of origin of down used to fill the shells. Both of these components are sent to Canada where the down is inserted into the shells. The country of origin of the finished comforter **under the § 334 rules of origin** is China. However, NAFTA provides for an override rule that applies *if a claim is made*. Because the processing in Canada (a NAFTA country) satisfies the NAFTA duty preference rule, *if a claim is made for duty preference at the time of entry (or within one year)*, the country of origin is Canada. The NAFTA preference rule continues to override the § 334 country of origin rules in determining the country of origin for NAFTA products.

### U.S. Goods Sent Abroad For Processing

For a U.S. produced textile good sent abroad for processing which results in an advancement in value or improvement in condition:

- a. For duty assessment purposes, the good will continue to be considered foreign under Note 2(a), Subchapter II, Chapter 98, HTS.
- b. For quota purposes, the good will continue to be considered foreign under § 12.130(c), CR.
- c. Customs has proposed to adopt a new position that § 12.130(c) does not apply for country of origin marking purposes. See, Notice of proposed interpretation, 63 *Federal Register* 32697, dated June 15, 1998 (comment period extended to



December 18, 1998). If this position is adopted, the origin of textile or apparel goods for marking purposes would be determined solely by the rules under §102.21. Until this proposal is adopted, a U.S. good which is processed abroad (advanced in value or improved in condition) must be marked with the country of processing (unless excepted from marking).

## Sets

If one or more components in a set are textile articles and there is no single country of origin for these components, the country of origin **for each textile component of the set** is determined separately. A **composite good** will continue to be considered as one combined good.

## SUMMARY OF RULES

1. **Cutting does not determine the country of origin.** The § 334 rules are based on processing or assembly operations.
2. Customs previous interpretation of **substantial transformation** for origin purposes has been replaced with statutory rules based on processing.
3. A subjective determination under the provisions of § 12.130, CR is largely replaced by **objective processing** operations expressed in terms of tariff shifts.
4. Country of origin for textile and apparel products processed, assembled or manufactured in two or more countries is determined by where the most important processing occurs, and, if that cannot be ascertained, the last country in which an important assembly or manufacturing process occurs.

## TEXTILE DECLARATION AND QUOTA CHARGE STATEMENT

The single or multiple country of origin declaration as shown in § 12.130(f), CR is required under § 334 rules of origin.

The quota charge statement is required under § 334 rules of origin.

## FAILURE TO FOLLOW THE ORIGIN RULES

Because the § 334 rules govern the origin of goods for purposes of quantitative restrictions (quota), goods subject to quota which arrive without correct visas are inadmissible and may be detained (until correct visas are obtained), denied entry, or in certain cases seized. Material false statements

or omissions regarding origin may also lead to civil penalties or criminal prosecution. Failure to have the goods properly marked with the correct country of origin may also lead to the assessment of marking duties, or in certain cases, penalties, or in cases of repeated or intentional violations, seizure and forfeiture. In addition, goods which were released may be subject to orders to redeliver the goods to Customs. Failure to comply with such orders may lead to the assessment of liquidated damages.

### **SUMMARY OF ISSUED RULINGS**

The Customs Service has developed a separate informed compliance document listing origin rulings which have been issued. The rulings are listed in a chart by category. This informed compliance document is separately available on the Customs Internet world wide web site. Copies of the actual rulings also may be viewed on the Customs Internet world wide web site which is described below.

## **ADDITIONAL INFORMATION**

### **Customs Electronic Bulletin Board**

The Customs Electronic Bulletin Board (CEBB) is an automated system which provides the entire trade community with current, relevant information regarding Customs operations and items of special interest. It was established as another effort to promote the Customs Service as “trade friendly” within the importing and exporting community. The CEBB posts timely information including proposed regulations, news releases, Customs publications and notices, etc. which may be “downloaded” to your own PC. The Customs Service does not charge the public to use the CEBB. You only pay telephone charges. The CEBB may be accessed by modem or through Customs Home Page on the World Wide Web. If you access it through a personal computer with a modem, set up your terminal as ANSI, set databits to 8, set parity to N and stopbits to 1. Dial (703) 921-6155 and log on with your name and choose a password. After a few questions, you are set to get up-to-date information from Customs. If you have any questions about the CEBB, call (703) 921-6236.

### **The Internet**

The Customs home page on the Internet’s World Wide Web --which began public operation on August 1, 1996-- also provides the entire trade community with current, relevant information regarding Customs operations and items of special interest. It was established as another effort to promote the Customs Service as “trade friendly” within the importing and exporting community. The home page will post timely information including proposed and final regulations, rulings, news releases, Customs publications and notices, *etc.*, which may be searched, read online, printed or “downloaded” to your own PC. In addition, the CEBB (see above) may be accessed through our Home Page. The Customs Service does not charge the public for this service, although you will need Internet access to use it. The Internet address for Customs home page is <http://www.customs.ustreas.gov>.

### **Customs Regulations**

The current edition of *Customs Regulations of the United States*, in loose-leaf format, is available by subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. The bound 1998 Edition of Title 19, *Code of Federal Regulations*, which incorporates all changes to the *Customs Regulations* from April, 1997 through March, 1998 is also available for sale from the same address. All proposed and final regulations are published in the *Federal Register* which is published daily by the Office of the Federal Register, National Archives and Records Administration, and distributed by the Superintendent of Documents. Information on on-line access to the *Federal Register* may be obtained by calling (202) 512-1530 between 7 a.m.

and 5 p.m. Eastern time. These notices are also published in the weekly *Customs Bulletin* described below.

## **Customs Bulletin**

The *Customs Bulletin and Decisions* (“*Customs Bulletin*”) is a weekly publication which contains decisions, rulings, regulatory proposals, notices and other information of interest to the trade community. It also contains decisions issued by the U. S. Court of International Trade and Customs related decisions of the U. S. Court of Appeals for the Federal Circuit. Bound volumes are issued annually. The Customs Bulletin is available for sale from the Superintendent of Documents.

## **Video Tapes**

- The U.S. Customs Service has prepared a two hour video tape in VHS format to assist Customs officers and members of the public in understanding the new *Rules of Origin for Textiles and Apparel Products* which became effective on July 1, 1996. Copies of this tape are available from many trade organizations, customs brokers, consultants and law firms. The tape may also be purchased for \$20.00 (U.S. funds) directly from the Customs Service (see below for ordering information).

- In order to assist the trade, Customs has prepared a video tape entitled “*Customs Compliance: Why You Should Care.*” This 30 minute tape is divided into two parts. Part I, almost 18 minutes in length, is designed to provide senior executives and others in importing and exporting companies with an overview of some significant features of the Customs “Modernization Act” and some major reasons for adopting new strategies for minimizing legal exposure under this Act. Part II is intended primarily for compliance officers, legal departments and company officers involved in importing and exporting. This latter Part, approximately 12 minutes in length, explains why Customs and the trade can benefit from sharing responsibilities under Customs laws and it provides viewers with some legal detail relating to record keeping, potential penalties for non-compliance, and Customs Prior Disclosure program.

Part I features former Customs Commissioner George Weise, Assistant Commissioner for Regulations and Rulings Stuart Seidel, and Motorola's Vice President and Director of Corporate Compliance, Mr. Jack Bradshaw. Assistant Commissioner Seidel is the only speaker in Part II. The tape is priced at \$15.00 including postage (see below for ordering information).

- The U. S. Customs Service has also prepared a 13-½ minute videotape, in VHS format, on Account Management. The videotape titled *Account Management: Team Building for World Trade* contains discussion on what Account Management is, why there is a need for Account Management, and discussions with Customs Account Managers and Accounts relating to the benefits of Account

Management from both the perspective of the Customs Service and the Trade Community. The tape is priced at \$15.00 including postage (see below for ordering information).

**Video Tape Ordering Information:** If you require further information, or would like to purchase one or more tapes, please forward your written request to: U.S. Customs Service, Office of Regulations and Rulings, Suite 3.4A, 1300 Pennsylvania Avenue, NW, Washington, DC 20229, Attn: Operational Oversight Division. Orders must be accompanied by a check or money order drawn on a U.S. financial institution and made payable to U.S. Customs Service.

## Informed Compliance Publications

The U. S. Customs Service has prepared a number of Informed Compliance publications in the *What Every Member of the Trade Community Should Know About:* series. As of the date of this publication, the subjects listed below were available.

- |     |  |     |  |
|-----|--|-----|--|
| #α! | 1. Customs Value (5/96)  | #αQ | 16. Articles of Wax, Artificial Stone and Jewelry (8/97)                                     |
| #α! | 2. Raw Cotton: Tariff Classification and Import Quotas (5/13/96) | #αQ | 17. Tariff Classification (11/97)  |
| #α! | 3. NAFTA for Textiles & Textile Articles (5/14/96)               | #αQ | 18. Classification of Festive Articles (11/97)   |
| #α! | 4. Buying & Selling Commissions (6/96)                           | #α  | 19. Ribbons & Trimmings (1/98)   |
| #α! | 5. Fibers & Yarn (8/96)  | #α  | 20. Agriculture Actual Use (1/98)  |
| #α  | 6. Textile & Apparel Rules of Origin (! 10/96, Revised 11/98)    | #α  | 21. Reasonable Care (1/98)   |
| #α! | 7. Mushrooms (10/96)   | #α  | 22. Footwear (1/98)  |
| #α! | 8. Marble (11/96)  | #α  | 23. Drawback (3/98)  |
| #α! | 9. Peanuts (11/96)   | #α  | 24. Lamps, Lighting and Candle Holders (3/98)  |
| #α! | 10. Bona Fide Sales & Sales for Exportation (11/96)              | #α  | 25. NAFTA Eligibility and Building Stone (3/98)  |
| #αQ | 11. Caviar (2/97)  | #α  | 26. Rules of Origin (5/98)   |
| #αQ | 12. Granite (2/97)   | #α  | 27. Records and Recordkeeping Requirements (6/98)  |
| #αQ | 13. Distinguishing Bolts from Screws (5/97)                      | #α  | 28. ABC's of Prior Disclosure (6/98)   |
| #αQ | 14. Internal Combustion Piston Engines (5/97)                    | #α  | 29. Gloves, Mittens and Mitts (6/98)   |
| #αQ | 15. Vehicles, Parts and Accessories (5/97)                       | #α  | 30. Waste & Scrap under Chapter 81 (6/98)  |
|     |  | #   | 31. Tableware, Kitchenware, Other Household Articles and Toilet Articles of Plastics (11/98) |

# denotes publications which are available for downloading from the Customs Electronic Bulletin Board ((703)-921-6155 or through Customs Home Page on the Internet);

⌘ indicates the publication is on Customs Home Page on the Internet's World Wide Web (<http://www.customs.ustreas.gov>);

! denotes reprinted in *30/31 Customs Bulletin No.50/1*, January 2, 1997;

Q denotes reprinted in *32 Customs Bulletin No.2/3*, January 21, 1998.

Check the Customs Electronic Bulletin Board and the Customs Home Page for more recent publications.

### **Other Value Publications**

*Customs Valuation under the Trade Agreements Act of 1979* is a 96-page book containing a detailed narrative description of the customs valuation system, the customs valuation title of the Trade Agreements Act (§402 of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979 (19 U.S.C. §1401a)), the Statement of Administrative Action which was sent to the U.S. Congress in conjunction with the TAA, regulations (19 CFR §§152.000-152.108) implementing the valuation system (a few sections of the regulations have been amended subsequent to the publication of the book) and questions and answers concerning the valuation system. A copy may be obtained from the U.S. Customs Service, Office of Regulations and Rulings, Value Branch, 1300 Pennsylvania Avenue, N.W., Washington, D.C. 20229.

*Customs Valuation Encyclopedia* (with updates) is comprised of relevant statutory provisions, Customs Regulations implementing the statute, portions of the Customs Valuation Code, judicial precedent, and administrative rulings involving application of valuation law. A copy may be purchased for a nominal charge from the Superintendent of Documents, Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7054.

Additional information may be obtained from Customs ports of entry. Please consult your telephone directory for a Customs office near you. The listing will be found under U.S. Government, Treasury Department.

<p>The information provided in this publication is for general information purposes only. Recognizing that many complicated factors may be involved in customs issues, an importer may wish to obtain a ruling under Customs Regulations, 19 CFR Part 177, or obtain advice from an expert (such as a licensed Customs Broker, attorney or consultant) who specializes in Customs matters. Reliance solely on the general information in this pamphlet may not be considered reasonable care.</p>
---

**“Your Comments are Important”**

The Small Business and Regulatory Enforcement Ombudsman and 10 regional Fairness Boards were established to receive comments from small businesses about federal agency enforcement activities and rate each agency’s responsiveness to small business. If you wish to comment on the enforcement actions of U.S. Customs, call 1-888-REG-FAIR (1-888-734-3247).